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Market Administrator's

BULLETIN

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Published at 79 East State Street, Columbus, Ohio 43215

ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

JULY, 1966

Vol. 22 No. 7

U.S. Dairy Imports Rising This Year

The Dairy Situation, Economic Research Service, USDA, May, 1966

Dairy product imports to the United States in 1966 are likely to be about 1.1 billion pounds milk equivalent. This would be about a 20 percent increase from last year's 0.9 billion pounds milk equivalent. In total, dairy product imports would still represent less than 1 percent of domestic production. This growth is a continuation of a trend which has been going on since 1947. Basic reasons are:

1. The post World War II milk production recovery in Western Europe and the growth of dairy in Oceania as an important source of foreign exchange.
2. The attractive dollar market in U. S. with domestic prices generally above world export prices.

Since August 1951, the United States has imposed import quotas on certain commodities in order to protect the domestic price support program for manufacturing milk and butterfat from interference from excessive imports. The quotas currently in effect, under Section 22 of the Agricultural Adjustment Act, as amended, may not be less than 50 percent of the imports during the base period. Specific dairy products now under quota include butter, buttermilk, dry milks, Cheddar cheese,

Edam and Gouda cheese, Italian-type cheese, and Blue mold cheese. Products not specifically named may still be imported. For example, of the American type cheese — Cheddar, Colby, washed curd, high and low moisture jack, Monterey, and granular — only Cheddar is subject to quotas. Thus, Colby cheese is not subject to quota limitations.

In recent years, trade in such products (ex-quota imports) has developed, notably fresh frozen cream, Colby cheese, and butterfat/sugar products (Junex, Lorex, Ernex, Grapex, etc.) with less than 45 percent butterfat. Beginning in 1962, growth of such imports was limited by export arrangements between the United States and leading exporting nations — New Zealand, Australia, and Ireland. Also, in 1964, dairy shortages in Western Europe made that area an attractive market. However, export arrangements expired on June 30, 1965. Also, since September 1965, Denmark, Belgium, Canada, West Germany, and the United Kingdom have joined the above countries as exporters of ex-quota products to the United States.

In terms of milk equivalent, ex-quota imports for July 1965-February 1966 were 58 percent from New Zealand, 18 percent from Australia, 7

Continued on Back Page)

FARMERS SELL SLIGHTLY MORE THAN HALF OF 1965 FEED GRAIN CROP

The Feed Situation, Economic Research Service, USDA, June, 1966

Sales of feed grains by farmers have been increasing in recent years both in total tonnage and as a percentage of production. Sales from the 1965 crops reached a record 82.6 million tons, 51 percent of 1965 production. Farmers sold nearly half of their corn, a third of their oats, and about three-fourths of their barley and grain sorghum crops. The tonnage sold increased 13 million tons from a year earlier and also was about 13 million above the 1959-63 average. Much of the increase in sales in recent years has gone into exports but purchase for livestock feeding and the quantity used for food and industrial uses also have increased.

The total quantity moving into commercial channels also includes feed grains sold by CCC from Government Stocks. It is estimated that around a third of the commercial movement will go into export, about a sixth into food and industrial uses, and the remainder into livestock feeds or into carryover as "free" stocks.

Total value of sales from the 1965 feed grain crops was estimated at over \$3.12 billion, 16 percent more than in 1964-65 and about a third larger than in 1961-62, the first year of the Feed Grain Program.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	\$4.45	\$4.41	\$3.91
Class I (3.5%)	5.18	5.13	4.57
Class II (3.5%)	3.67	3.56	3.16
Producer Butterfat Differential for each one-tenth percent	8.4¢	8.3¢	7.6¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	67.5	71.3	70.4
Percent of Producer Butterfat in Class I	65.7	67.4	70.1
Percent of Producer Milk in Class II	32.5	28.7	29.6
Percent of Producer Butterfat in Class II	34.3	32.6	29.9

PRODUCER MILK RECEIPTS

Total Pounds Producer Milk Delivered	47,313,818	50,771,018	46,611,260
Average Daily Class I Producer Milk	1,577,127	1,637,775	1,553,708
Total Number of Producers	1,546	1,567	1,661
Average Daily Receipts per Producer	1,020	1,045	935
Average Butterfat Test	3.56	3.69	3.50
Total Value of Producer Milk at Test	\$2,240,922	\$2,445,166	1,949,388
Income per Producer (7 Day Average)	\$338	\$352	\$273

GROSS CLASS USE (Pounds)

Class I Skim	30,823,553	34,928,346	31,648,442
Class I Butterfat	1,107,608	1,262,619	1,157,087
Class I Milk	31,931,161	36,190,965	32,805,529
Class II Skim	14,803,173	13,969,618	13,312,401
Class II Butterfat	579,483	610,434	493,330
Class II Milk	15,382,656	14,580,052	13,805,731

AVERAGE DAILY SALES (Quarts)

Milk	399,972	426,318	408,543
Buttermilk	7,162	6,361	6,608
Chocolate	19,050	32,819	18,221
Skim	11,323	12,591	12,754
Cream	8,085	8,241	9,330

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



JUNE 1957 - '66

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1957	27,823,794	3.64	64.2	7.4	15.3	11.0	3.71	4.392	3.992	3.492	3.068	1,905	487
1958	27,893,568	3.66	66.3	7.0	9.9	18.9	3.40	4.069	3.669	3.269	2.847	1,816	512
1959	29,782,303	3.64	69.8	7.9	4.0	18.3	3.62	4.307	3.907	3.493	2.873	1,760	564
1960	29,844,239	3.69	68.3	7.5	3.3	20.9	3.53	4.208	3.808	3.506	2.886	1,657	600
1961	31,252,379	3.62	64.1	7.7	3.7	24.5	3.68	4.363	3.963	3.780	3.160	1,242	839
1962	34,859,645	3.61	64.4	8.0	4.6	23.0	3.45	4.12	3.769	3.552	2.932	1,313	885
1963	38,916,958	3.59	67.1	7.1	5.2	20.6	3.54	4.18	3.803	3.611	2.991	1,671	953
1964	49,000,295	3.58	65.9	34.1	—	—	3.55	4.17	3.11	—	—	1,361	976
1965	46,611,260	3.50	70.4	29.6	—	—	3.91	4.57	3.16	—	—	1,661	935
1966	47,313,818	3.56	67.5	32.5	—	—	4.45	5.18	3.67	—	—	1,546	1,020

Manufacturing Products Output Continuing Lower in Second Quarter 1966

The Dairy Situation, Economic Research Service, USDA, May, 1966

The 5 percent reduction in milk production so far in 1966 has resulted in a smaller output of manufactured dairy products. On a milk equivalent basis, output of manufactured products fell 14 percent below first quarter 1965. A reduced production rate is continuing into second quarter 1966. Most of the changes in available milk supplies has been reflected in smaller use of milk for butter-nonfat dry milk and for American cheese. Production of other products, such as evaporated milk and other kinds of cheese, is usually geared to their commercial demand.

Creamery butter production of 296 million pounds in first quarter was 26 percent below the year-earlier output. Based on weekly data, April output fell about a fourth below the 140 million pounds a year earlier. First

quarter American cheese output was 4 percent smaller but by March, output was about the same as a year earlier. Output in the first 3 weeks of April averaged about 1 percent above year earlier. First quarter output of miscellaneous types of cheese gained 11 percent over that of 1965. Cheese output for the rest of 1966 is likely to continue high relative to butter. January-March evaporated milk output was 2 percent above a year earlier, due to below-average stocks and increased military buying. Production of condensed milk (case goods) gained 27 percent in response to expanded export demand. The 30 percent decline in nonfat dry milk output in first quarter 1966 is associated with the sharply reduced butter output, since these are joint products in major production areas.

January-February whole milk sales

in 78 marketing areas (9 States and 69 Federal) were about 1½ percent above a year earlier. This trend is expected to continue for the balance of 1966 in line with recent annual changes. In 1965, sales of fluid milk and cream were 56.0 billion pounds (milk equivalent), about 1 percent over 1964. In terms of product weight, sales gains were nearly 2 percent as substantial increases were registered for skim milk and other low-fat items.

Production of factory products in 1965 accounted for 62.2 billion pounds of milk equivalent, 4 percent below 1964. While farm marketings of milk and cream fell about 1½ billion pounds, milk available for manufacture in 1965 fell nearly 2¼ billion pounds from 1964 due to gains in fluid milk sales. Similar utilization shifts are continuing for 1966, with lower milk output.

High Protein Feeding Up 5 Percent

The Feed Situation, Economic Research Service, USDA, June, 1966

The quantity of high-protein feed (soybean meal equivalent) fed to livestock and poultry during October 1965-April 1966 totaled 10.3 million tons, 5 percent above a year earlier and 2 percent above the 1962-63 record level. The heavier feeding of high-proteins the first half of the year was due largely to a 10 percent increase in soybean meal, although grain protein supplies also increased.

Combined feeding of the other oilseed meals was 2 percent less than a year earlier, and animal proteins, including fish meal, were down 7 percent.

Supplies for feeding are expected to continue close to this pace during the remainder of the year, bringing the total to around 17.1 million tons or 4 percent above 1964-65. With prospects of increased hog and broiler production this summer, high-protein

consuming animals to be fed this year are expected to increase to 148.4 million units, about 2 million more than the year before and nearly 5 million above the 1959-63 average. Based on present prospects for high-protein feeds and livestock numbers, the rate of feeding is expected to be about 231 pounds per animal unit, 3 percent above 1964-65 and 5 percent above average.

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THE
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FARMERS GRAIN CROPS . . .

(Continued from Front Page)

percent from Denmark, and 17 percent from other countries. The United States and countries shipping ex-quota products have not yet been able to arrive at a renewed agreement limiting ex-quota exports to the United States.

Colby cheese and frozen cream, both largely from New Zealand, are moving into the United States at about twice the rate of the past 2 years. Butterfat/sugar products in 9 months have nearly doubled the 1962-63 imports. None entered in July 1963-August 1965.

At present, tariff rates on cream are 15 cents per gallon for the first 1.5 million gallons in any calendar year. Imports over 1.5 million gallons (about 12½ million pounds) are assessed a tariff of 56.6 cents per gallon. The ability of this duty increase to check exports of frozen cream to the United States at the 1.5 million gallon level, depends on the difference in milkfat prices between exporting countries and the United States.

On a milkfat basis, farmers are now selling 95 percent of their total milk production; the remainder is used on farms where produced. In terms of solids-not-fat, the proportion reaching market is 92 percent, up sharply in recent years. In contrast, farmers sold 88 percent of the milkfat and 77 percent of the solids-not-fat produced in 1955.

Market Quotations

JUNE

1966

MINNESOTA - WISCONSIN PRICE SERIES	\$3.98
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.57
Average Price per lb. 92-score butter at Chicago	.6597
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1681

Exports To Drop In 1966

The Dairy Situation, Economic Research Service, USDA, May, 1966

Exports, including foreign donations of dairy products, this year are likely to total less than 0.5 billion pounds (milk equivalent), sharply below last year's 1.9 billion pounds. This would be the lowest export level in milk equivalent terms since 1940 and only 9 percent of the record 6.9 billion in 1964. Lower U.S. supplies and increased domestic demand account for reduced exports. Increased exports are in prospect only for sweetened condensed milk, moving chiefly to Vietnam.

Butter exports, which constituted the major portion of dairy exports the past 4 years, are expected to be nominal. Although exports of nonfat dry milk may reach 500-600 million pounds in 1966, this amount will be sharply below shipments of 863-1,311 million annually in the past 3 years.

Commitments have been made to Vietnam for exports of about 60 million pounds of canned milk, 3 million of nonfat dry milk, and about 0.4 million of dry whole milk. Also, the President announced that up to 125

million pounds of nonfat dry milk would be made available for India. Annual exports of nonfat dry milk to India have ranged from 60-70 million pounds since 1962.

Western Europe—chiefly Holland and Italy—took 132 million pounds of U. S. nonfat dry milk commercially in 1965. This year, the area is expected to meet most of its needs from domestic production and imports from Canada, Australia, and New Zealand.

This year, with gains in European milk production and skim milk drying, together with reduced U. S. production, means Western Europe's nonfat dry milk output is likely to be above the United States'. Despite large increases in output, they are expected to import about 175 million pounds. The bulk of this again will be imported by Holland and Italy. Low U. S. supplies suggest that any U. S. nonfat dry milk exports to Western Europe in 1966-67 probably would have to be purchased commercially at prices at or above the support level.